



**ABLICF**  
ABL Islamic Cash Fund

CONDENSED INTERIM  
**FINANCIAL  
STATEMENTS**

FOR THE PERIOD FROM JULY 29, 2010  
TO MARCH 31, 2011 AND  
QUARTER ENDED MARCH 31, 2011.

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## FUND'S INFORMATION

<b>Management Company:</b>	ABL Asset Management Company Limited	
<b>Board of Directors of the Management Company</b>	Sheikh Mukhtar Ahmed	Chairman
	Muhammad Waseem Mukhtar	Director
	Mr. Khalid A. Sherwani	Director
	Mr. M. Jawaid Iqbal	Director
	Muhammad Yaseen	Director
	Mr. M. Shakeb Murad	Director
	Mr. Kamran Nishat	Director
<b>Chief Executive Officer:</b>	Mr. Farid Ahmed Khan	
<b>Chief Financial Officer &amp; Company Secretary:</b>	Mr. Saqib Matin	
<b>Audit Committee:</b>	Mr. Kamran Nishat	Chairman
	Muhammad Waseem Mukhtar	Member
	Muhammad Yaseen	Member
<b>Head of Internal Audit &amp; Compliance:</b>	Mr. Faisal Nadeem Mangroria	
<b>Trustee:</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block - B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi.	
<b>Auditors:</b>	A.F. Ferguson & Co Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisors:</b>	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 - C1 - 10, Beaumont Road, Civil Lines, Karachi.	
<b>Bankers:</b>	Allied Bank Limited UBL Ameen	
<b>Distributor:</b>	Allied Bank Limited	
<b>Registered Office:</b>	11 - B, Lalazar, M. T. Khan Road, Karachi.	

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Islamic Cash Fund (ABL-ICF), is pleased to present the un-audited Condensed Interim Financial Statements of ABL-ICF for the period ended March 31, 2011.

### ECONOMIC PERFORMANCE REVIEW

In some ways, 3QFY11 depicted a gradual improvement in Pakistan's economy with significant improvement in external account situation, controlled government borrowing, slowdown in inflation and FX reserves reaching record levels. Better crop prices, strong remittances and rising exports were the key pillars behind economy's resilience to external shocks (high oil and commodity prices). The Central Bank also maintained the discount rate at 14% through the quarter owing to better fiscal discipline along with relatively controlled inflation.

Headline inflation (CPI) came down to 13.2% for March 2011 after reaching peak levels of 15.5% in November 2010 following the floods. Current account was in surplus of US\$ 99mn during 9MFY11 (USD 3,106mn deficit during 9MFY10), primarily due to 25% Y/Y growth in exports. Improved trade situation coupled with remittances of USD 8,016 mn for 9MFY11 resulted in Pakistan's FX reserves soaring to USD 18.2bn. Furthermore, Large Scale Manufacturing (LSM) growth swung back in the positive zone, thanks to strong performance of the textile sector during 3QFY11.

Despite these positives, there is a big question mark over macro fundamentals and Pakistan's economy remains vulnerable to external shocks. Some bold steps undertaken by the Government, such as to pass on the high oil prices and implement revenue enhancement measures (removal of zero rated GST status on some sectors and imposition of flood tax) bodes well for controlling fiscal deficit. However, these measures are expected to be inflationary and the Government is still likely to miss the revised fiscal deficit target of 5.5%. Moreover, high oil prices are exerting upward pressure on the import bill as well as pushing inflation numbers. As a result the Central Bank is expected to maintain a tight monetary stance over the next quarter. Market's attention will now be firmly focused on the upcoming FY12 budget and direction of oil prices, which are going to set the tone for economic outlook for FY12.

### MUTUAL FUND INDUSTRY REVIEW

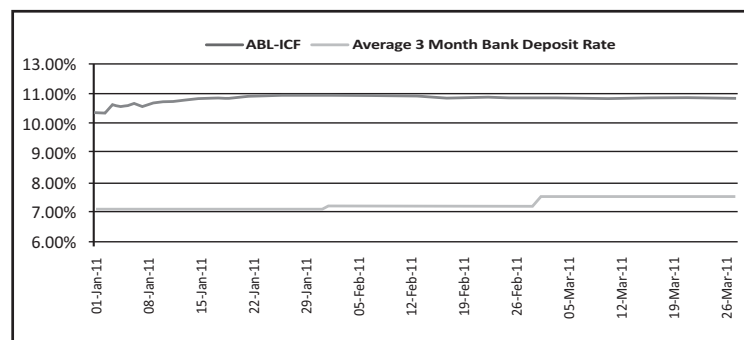
The mutual fund industry performance improved on account of better economic conditions and in tandem with a stable monetary policy during the quarter. A tight money market, coupled with a heavy government borrowing via sovereign debt instruments, led to high yields which benefited returns of fixed income mutual funds. Thus investor bias towards mutual funds which have high exposure in short term government debt instruments remained strong. The Islamic money market fund category grew by 1.40% from PKR6.722 billion in December 2010 to PKR6.816 billion in March 2011.

### FUND PERFORMANCE

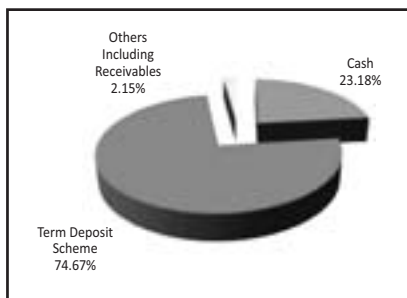
During the quarter under review, ABL Islamic Cash Fund's AUM increased by 5.17% to PKR439.62 million from PKR418 million in December 31, 2010. The fund remained invested in Term Deposits and in Daily Product accounts with AA and above rated Islamic windows of banks. The market remained dull due to a dearth of attractive Islamic instruments and lack of trading opportunities. Over the period, the unit price of ABL-ICF increased by 2.57% to close at PKR 10.2653 (cum dividend) translating into an annualized compounded return of 10.84%. Despite limited investment avenues, ABL-ICF outperformed its benchmark by 356bps during the period under review.

As on March 31, 2011, ABL-ICF was 74.67% invested in Term Deposit Schemes and the remaining in cash deposits with banks. This allocation led to a conservative investment portfolio yielding consistent returns to its investors. Other investment avenues falling under the investment mandate of the fund are being explored in order to boost returns going ahead.

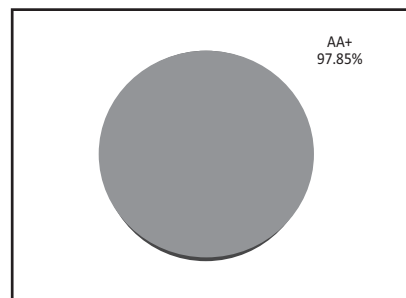
ABL Islamic Cash Fund earned total income of Rs.30.84 million for the period ended March 31, 2011 from bank deposits and term deposits receipts. After accounting for expenses of Rs.4.49 million (comprising mainly of the management fee of Rs.2.69 million) net income from operating activities for the period ended March 31, 2011 stood at Rs.26.35 million. With the element of income of Rs.0.89 million included in the prices of units issued less those in units redeemed and the provision for workers welfare found at Rs.0.53 million, the net income for the period ended March 31, 2011 stood at Rs.26.70 million.



Asset Allocation



Asset Allocation



Other assets account for 2.15% of Total Assets.

**OUTLOOK**

A stable monetary policy and improved economic indicators during the quarter have elevated market sentiments towards better economic performance in 2011. However on a broader perspective, complexities continue to plague recovery efforts. These extend from commodity and energy price fluctuations to an untamed circular debt. Thus future monetary policy trajectory is tough to predict. Any jump in inflation will likely fuel sentiments towards a tighter monetary policy in the future. Based on the above, ABL-ICF will continue with its strategy of investing in good rated counters whilst maintaining a liquid profile.

**DIVIDEND**

The Chief Executive Office (CEO) on behalf of the Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on March 30, 2011 has approved and declared Interim distribution of Rs.0.2567 per unit (2.567% of the par value of Rs.10) for ABL-ICF for the quarter ended March 31, 2011. This is in addition to interim dividend distribution of Rs.0.2326 per unit (2.326% of the par value of Rs.10) for ABL-ICF for the quarter ended December 31, 2010 and Rs.0.1418 per unit (1.42% of the par value of Rs.10) for ABL-ICF for the period ended September 30, 2010.

**FUND STABILITY RATING**

On November 25, 2010, JCR-VIS assigned Fund Stability Rating of AA(f) (Double A(f)) to ABL Islamic Cash Fund (ABL-ICF), which denotes high degree of stability in Net Asset Value.

**MANAGEMENT QUALITY RATING**

On December 31, 2010, JCR-VIS upgraded the Management Quality Rating of ABL Asset Management Company Limited (ABL AMCL) at 'AM3+' (AM-Three Plus), which denotes 'very good management quality.'

**ACKNOWLEDGEMENT**

We thank our valued investors who have placed their confidence in us. The Board is also thankful to the Securities & Exchange Commission of Pakistan, State Bank of Pakistan, the Trustee (Central Depository Company of Pakistan Limited), the management of the Karachi Stock Exchange (Guarantee) Limited and the Auditors for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team for their unwavering commitment and hard work.

For and on behalf of the Board



**FARID AHMED KHAN**  
CEO

Karachi, April 29, 2011

## ABL ISLAMIC CASH FUND CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT MARCH 31, 2011

	Note	(Unaudited) March 31, 2011 Rupees
<b>ASSETS</b>		
Balances with banks	4	103,981,992
Investments	6	335,000,000
Prepaid and other receivables	7	52,348
Profit receivable	8	6,831,232
Preliminary expenses and floatation costs	9	2,754,084
<b>Total assets</b>		<b>448,619,656</b>
<b>LIABILITIES</b>		
Payable to Management Company	10	3,596,909
Payable to Trustee	11	63,435
Payable to Securities and Exchange Commission of Pakistan	12	203,434
Payable against redemption of units		1,703,406
Dividend payable		2,568,020
Accrued expenses and other liabilities	13	867,511
<b>Total liabilities</b>		<b>9,002,715</b>
<b>NET ASSETS</b>		<b>439,616,941</b>
Unit holders' fund (as per statement attached)		439,616,941
<b>Contingencies and commitments</b>	14	
		<b>Number of units</b>
Number of units in issue		43,923,832
		<b>Rupees</b>
Net asset value per unit		10.0086
Face value per unit		10.0000

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited  
(Management Company)



FARID AHMED KHAN  
CEO



MUHAMMAD YASEEN  
DIRECTOR

## ABL ISLAMIC CASH FUND CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO MARCH 31, 2011  
AND QUARTER ENDED MARCH 31, 2011.

	Note	For the period from July 29, 2010 to March 31, 2011	For the quarter ended March 31, 2011
-----Rupees-----			
<b>INCOME</b>			
Profit on bank deposits and term deposit receipts		30,842,986	12,845,839
<b>EXPENSES</b>			
Remuneration of Management Company		2,690,497	1,057,443
Remuneration of Trustee		510,934	179,765
Annual fee - Securities and Exchange Commission of Pakistan		203,434	79,308
Auditors' remuneration		273,059	100,711
Amortisation of preliminary expenses and floatation costs		469,678	173,250
Other expenses		344,862	135,902
<b>Total Expenses</b>		<b>4,492,464</b>	<b>1,726,379</b>
<b>Net Income from operating activities</b>		<b>26,350,522</b>	<b>11,119,460</b>
Element of income and capital gains included in prices of units issued less those in units redeemed		888,967	270,063
Provision for Workers' Welfare Fund	13.1	(534,528)	(223,457)
<b>Net Income for the period before taxation</b>		<b>26,704,961</b>	<b>11,166,066</b>
Taxation	3.8	-	-
<b>Net Income for the period after taxation</b>		<b>26,704,961</b>	<b>11,166,066</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>26,704,961</b>	<b>11,166,066</b>
Earnings per Unit	15		

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited  
(Management Company)

  
FARID AHMED KHAN  
CEO

  
MUHAMMAD YASEEN  
DIRECTOR



## ABL ISLAMIC CASH FUND CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO MARCH 31, 2011  
AND QUARTER ENDED MARCH 31, 2011.

	For the period from July 29, 2010 to March 31, 2011	For the quarter ended March 31, 2011
	----- Rupees -----	
<b>Undistributed income brought forward comprising:</b>		
Realised income	-	345,487
Unrealised income	-	-
	<u>-</u>	<u>345,487</u>
Interim distribution		
- Re. 0.1418 per unit on September 30, 2010		
- Issue of 419,069 bonus units	(4,190,687)	-
- Cash distribution	(1,466,354)	-
Interim distribution		
- Re. 0.2326 per unit on December 30, 2010		
- Issue of 721,001 bonus units	(7,210,019)	-
- Cash distribution	(2,326,348)	-
Interim distribution		
- Rs.0.2567 per unit on March 30, 2011		
- Issue of bonus units	(8,529,405)	(8,529,405)
- Cash distribution	(2,568,020)	(2,568,020)
Net income for the period after taxation	26,704,961	11,166,067
Undistributed income carried forward	<u>414,128</u>	<u>414,128</u>
<b>Undistributed income comprising:</b>		
Realised income	414,128	414,128
Unrealised income	-	-
	<u>414,128</u>	<u>414,128</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
FARID AHMED KHAN  
CEO

For ABL Asset Management Company Limited  
(Management Company)

  
MUHAMMAD YASEEN  
DIRECTOR

## ABL ISLAMIC CASH FUND CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO MARCH 31, 2011  
AND QUARTER ENDED MARCH 31, 2011.

	For the period from July 29, 2010 to March 31, 2011	For the quarter ended March 31, 2011
	----- Rupees -----	
Net assets at the beginning of the period	-	417,984,061
Issue of 53,567,597 units and 2,830,299 units for the period from July 29, 2010 to March 31, 2011 and quarter ended respectively	537,203,044	28,655,211
Redemption of 11,636,776 units and 1,530,265 units for the period from July 29, 2010 to March 31, 2011 and quarter ended respectively	(117,041,375)	(15,350,314)
	420,161,669	13,304,897
Issue of 1,993,011 bonus units and 852,941 units for the period from July 29, 2010 to March 31, 2011 and quarter ended respectively	19,930,111	8,529,405
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to income statement	(888,967)	(270,063)
Net income for the period after taxation	26,704,961	11,166,066
Interim distribution		
- Re. 0.1418 per unit on September 30, 2010		
- Issue of 419,069 bonus units	(4,190,687)	-
- Cash distribution	(1,466,354)	-
Interim distribution		
- Re. 0.2326 per unit on December 30, 2010		
- Issue of 721,001 bonus units	(7,210,019)	-
- Cash distribution	(2,326,348)	-
Interim distribution		
- Rs.0.2567 per unit on March 30, 2011		
- Issue of bonus units	(8,529,405)	(8,529,405)
- Cash distribution	(2,568,020)	(2,568,020)
Net assets at the end of the period	<u>439,616,941</u>	<u>439,616,941</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited  
(Management Company)



FARID AHMED KHAN  
CEO



MUHAMMAD YASEEN  
DIRECTOR

## ABL ISLAMIC CASH FUND CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO MARCH 31, 2011  
AND QUARTER ENDED MARCH 31, 2011.

Note	For the period from July 29, 2010 to March 31, 2011	For the quarter ended March 31, 2011
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	26,704,961	11,166,066
<b>Adjustments</b>		
Element of income and capital gains included in prices of units sold less those in units redeemed	(888,967)	(270,063)
Amortisation of preliminary expenses and floatation costs	469,678	173,250
	<u>26,285,672</u>	<u>11,069,253</u>
<b>(Increase) / decrease in assets</b>		
Prepaid and other receivables	(52,348)	51,257
Profit receivable	(6,831,232)	(63,329)
	<u>(6,883,580)</u>	<u>(12,072)</u>
<b>Increase / (decrease) in liabilities</b>		
Remuneration payable to Management Company	373,147	24,346
Payable to Trustee	63,435	(6,325)
Payable against redemption of units	1,703,406	1,703,406
Payable to Securities and Exchange Commission of Pakistan	203,434	79,308
Accrued expenses and other liabilities	867,511	310,541
	<u>3,210,933</u>	<u>2,111,276</u>
<b>Net cash generated from operating activities</b>	<u>22,613,025</u>	<u>13,168,457</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,792,702)	(2,326,348)
Receipts from issue of units	537,203,044	28,655,211
Payments on redemption of units	(117,041,375)	(15,355,507)
<b>Net cash generated from financing activities</b>	<u>416,368,967</u>	<u>10,973,356</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>438,981,992</u>	<u>24,141,813</u>
Cash and cash equivalents at the beginning of the period	-	414,840,179
<b>Cash and cash equivalents at the end of the period</b>	<u>5</u> <u>438,981,992</u>	<u>438,981,992</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited  
(Management Company)

  
FARID AHMED KHAN  
CEO

  
MUHAMMAD YASEEN  
DIRECTOR

# ABL ISLAMIC CASH FUND NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD FROM JULY 29, 2010 TO MARCH 31, 2011  
AND QUARTER ENDED MARCH 31, 2011.

## 1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Islamic Cash Fund (the Fund) was established under a trust deed executed between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 11, 2010 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Trust Deed was executed on June 23, 2010.

The Fund is an open ended fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units were initially offered for public subscription at par i.e. Rs.10 from July 29, 2010 to July 30, 2010.

The objective of the Fund is to seek maximum possible preservation of capital and offer steady rate of return by investing in liquid Shariah compliant instruments providing Halal income like Shariah compliant short term Government Securities, cash and near cash instruments.

JCR-VIS Credit Rating Company has assigned asset manager rating of 'AM3+' (positive outlook) to the Management Company and a stability rating of 'AA(f)' to the Fund.

## 2 BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

These condensed interim financial statements comprise of statement of assets and liabilities, income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement, together with the notes forming part thereof.

### 2.2 Standards, amendments to published approved accounting standards and interpretations effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

### 2.3 Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, that are not yet effective

The following amendment to existing standard has been published and is mandatory for accounting periods beginning on or after July 1, 2011 or later periods:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial statements.

#### 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) Classification and valuation of investments (note 3.2 and 6)
- ii) Amortisation of preliminary expenses and floatation costs (note 3.4 and 9)

#### 2.5 Accounting Convention

These condensed interim financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair value.

#### 2.6 Functional and Presentation Currency

These condensed interim financial statements are presented in Pak Rupees which is the Fund's functional and presentation currency.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial condensed interim statements are set out below:

#### 3.1 Cash and cash equivalents

Cash and cash equivalents include demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, available for sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

##### a) Financial assets at fair value through profit or loss

These are financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices.

##### b) Available for sale

These are non-derivative financial assets that are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices.

##### c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### 3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

##### 3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

#### 3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'financial assets at fair value through profit or loss' are valued on the basis of rates announced by the Financial Market Association of Pakistan.

#### 3.2.5 Impairment

The carrying value of the Fund's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

#### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

#### 3.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

#### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### 3.4 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund.

#### 3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company on the Fund realisation date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is not charging any sales load (front-end load)

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

#### 3.6 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) that form part of the Unit Holders' Fund in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

#### 3.7 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.8 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. Accordingly, no provision has been made for current and deferred taxation in these condensed interim financial statements.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these condensed interim financial statements as the Fund intends to avail the tax exemption under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

### 3.9 Proposed distributions

Distributions declared subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared.

### 3.10 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Income from Term deposit receipts is recognised on an accrual basis.
- Unrealised gains / (losses) arising on revaluation of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.

### 3.11 Net Asset Value per unit

The Net Asset Value per unit as disclosed on the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

	Note	(Unaudited) March 31, 2011 Rupees
<b>4 BALANCES WITH BANKS</b>		
Saving accounts	4.1	103,731,191
Current account	4.2	250,801
		<u>103,981,992</u>
4.1	These saving accounts carry profit at rates ranging from 5.00% to 11.50% per annum.	
4.2	Deposits in current accounts include Rs. 250,801 maintained with Allied Bank Limited, a related party.	
<b>5 CASH AND CASH EQUIVALENTS</b>		
Balances with banks		103,981,992
Term deposits receipts		335,000,000
		<u>438,981,992</u>
<b>6 INVESTMENTS</b>		
<b>Loans and receivables</b>		
Term deposit receipts	6.1	335,000,000
		<u>335,000,000</u>
6.1	These Term deposit receipts carry profit at rates ranging from 12.50% to 12.90% per annum.	

	Note	(Unaudited) March 31, 2011 Rupees
<b>7 PREPAID AND OTHER RECEIVABLES</b>		
Prepaid listing fee		8,066
Prepaid rating fee		43,391
Others		891
		<u>52,348</u>
<b>8 PROFIT RECEIVABLE</b>		
Profit accrued on saving accounts		1,142,122
Profit accrued on term deposit receipts		5,689,110
		<u>6,831,232</u>
<b>9 PRELIMINARY EXPENSES AND FLOATATION COSTS</b>		
Preliminary expenses and floatation costs incurred	9.1	3,223,762
Less: Amortisation during the period		(469,678)
Balance as at March 31, 2011		<u>2,754,084</u>
<b>9.1</b>		
Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. As per the requirements of the trust deed, these costs are being amortised over a period not exceeding five years.		
	Note	(Unaudited) March 31, 2011 Rupees
<b>10 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY</b>		
Remuneration of Management Company	10.1	373,147
Preliminary expenses and floatation costs		3,223,762
		<u>3,596,909</u>
<b>10.1</b>		
Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent per annum of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. In the current period, the Management Company has charged its remuneration at the rate of one percent per annum from August 2, 2010 to March 31, 2011.		
	Note	(Unaudited) March 31, 2011 Rupees
<b>11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
Trustee fee	11.1	63,435
		<u>63,435</u>



- 11.1 Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears, as per the following structure:

Net Assets	Tariff per annum
Upto Rs. 1 billion	Rs. 0.6 (2010:Rs.0.7 ) million or 0.17 (2010 : 0.20) percent per annum of Net Asset Value whichever is higher.
Rs. 1 billion to 5 billion	Rs. 1.7 (2010:Rs. 2) million plus 0.085 (2010 : 0.1) percent per annum of Net Asset Value exceeding Rs. 1 billion.
Over 5 billion	Rs. 5.1 (2010:Rs. 6) million plus 0.07 (2010 : 0.1) percent per annum of Net Asset Value exceeding Rs. 5 billion.

## 12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, the Fund is required to pay as an annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

	Note	(Unaudited) March 31, 2011 Rupees
<b>13 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration		214,309
Printing charges		105,429
Provision for Workers' Welfare Fund	13.1	534,528
Withholding tax		5,597
Brokerage payable		7,648
		<u>867,511</u>

- 13.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

A clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

On December 14, 2010, the Ministry has filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of abundant caution, has decided to make a provision for WWF amounting to Rs. 534,528 in these condensed interim financial statements.

#### 14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2011.

#### 15 EARNINGS PER UNIT

Earnings per unit (EPU) for the period from July 29, 2010 to March 31, 2011 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

#### 16 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited being the holding company of the Management Company, ABL- Employees Superannuation (Pension) Fund being an entity under common management, Central Depository Company being the trustee of the Fund and directors and officers of the Management Company.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

------(Unaudited)-----		
	For the period from July 29, 2010 to March 31, 2011	For the quarter ended March 31, 2011
----- Rupees -----		
16.1 Details of transactions with connected persons are as follows;		
<b>ABL Asset Management Company Limited - Management Company</b>		
Issue of 20,000,000 units	200,000,000	-
Issue of 1,193,368 bonus units	11,933,684	4,782,950
Redemption of 2,182,622 units	21,000,000	6,000,000
Remuneration of the Management Company	2,690,497	1,057,443
Preliminary expenses incurred by the Management Company	3,223,762	-
<b>Allied Bank Limited</b>		
Bank charges	6,020	406
<b>ABL - Employees Superannuation (Pension) Fund</b>		
Issue of 10,000,000 units (Investment in seed capital of the fund)	100,000,000	-
Cash dividend	6,312,020	2,568,020
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	510,934	179,765
<b>Key Management personnel - Executives</b>		
Issue of 764,882 units	7,701,982	4,497,512
Redemption of 305,076 units	3,078,726	1,701,400
Bonus of 18,818 units	188,177	119,773

(Unaudited)  
March 31,  
2011

## 16.2 Amounts outstanding at the period end;

Rupees

**ABL Asset Management Company Limited - Management Company**

Remuneration of the Management Company	373,147
Preliminary expenses and floatation costs	3,223,762
Units held: 19,110,747 units	191,271,818

**Allied Bank Limited**

Bank balance	250,801
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**ABL Employees Superannuation (Pension) Fund**

Units held: 10,000,000 units	100,086,000
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**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable	63,435
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**Key Management personnel****Executives**

Units held: 478,563 units	4,789,748
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## 17 GENERAL

Figures have been rounded off to the nearest rupee.

## 18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on April 29, 2011.

For ABL Asset Management Company Limited  
(Management Company)



FARID AHMED KHAN  
CEO



MUHAMMAD YASEEN  
DIRECTOR

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**ABL Asset Management**

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